Entered on Docket September 24, 2014

EDWARD J. EMMONS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA



The following constitutes the order of the court. Signed September 24, 2014

William J. Lafferty, III U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

MEMO REGARDING HEARING ON JEFFERY P. ALEXANDER DDS INC.'S

- (1) MOTION FOR APPROVAL OF USE OF CASH COLLATERAL AND GRANTING
 A REPLACEMENT LIEN AND OTHER ADEQUATE PROTECTION; AND
 - (2) MOTION FOR AUTHORIZATION TO PAY PRE-PETITION PAYROLL

The Debtor filed a Chapter 11 petition on September 19, 2014. The Debtor filed a Motion for Approval of Use of Cash Collateral and Granting a Replacement Lien and Other Adequate Protection and a Motion for Authorization to Pay Pre-Petition Payroll (collectively "the Motions") on September 23, 2014 (docs. 6, 7, 8). The Debtor requested an Order Shortening Time for Hearing, which was granted on

September 23, 2014 (doc. 11). Hearing on the above motions is set for September 25, 2014 at 3:00 PM.

Having reviewed the Motions and the supporting materials filed therewith, the Court directs the debtor to be prepared to address, with particularity and with appropriate evidentiary support, the following issues:

- 1. Which creditors have security interests or liens against the assets that constitute the cash collateral that the debtor seeks to use, the amount of the claims held by such creditors, the extent to which each of the claims are secured, and the priority of the security interests claimed by such creditors.
- 2. The debtor's position regarding which of these putatively secured creditors is entitled to adequate protection of their secured claim, and what treatment the debtor proposes to provide such adequate protection.
- 3. With respect to the request to pay pre-petition claims of employees of the debtor, (a) which employees proposed to be so paid are not current employees of the debtor, or are expected to be terminated as a result of the debtor's filing, (b) whether any such employees who are medical doctors are likely to terminate their employment if not timely paid the pre-petition portion of their wages, and (c) what would justify the Court in ordering the payment of pre-petition wages or salaries of Dr. Jeffery P. Alexander and Dr. Mary Jane Salazar.
- 4. What additional motions the debtor anticipates making with respect to any pre-petition employee benefits

claims, or related matters, and an estimate of the amount of any pre-petition claims that would be paid or honored in connection therewith.

- 5. What grounds exist, other than the "doctrine of necessity", for paying, at the outset of this chapter 11 case, any other pre-petition unsecured claims.
- 6. Which creditors have an interest in the debtor's equipment and whether there is any dispute regarding the classification of that interest, specifically with respect to whether the agreement between the debtor and creditors is a lease or a loan.

End of Memorandum